

HONOLULU STAR BULLETIN
23 September 1983

Rewald Operation Similar to Nugan Hand Ltd. Case

STAT

By Charles Memminger
Star-Bulletin Writer

Officials involved in the investigation of Ronald Rewald's bankrupt company were struck by the similarities between Rewald's operation and that of Australian financial entrepreneur Frank Nugan.

Like Rewald's, Nugan's empire, built around Nugan Hand Inc., evolved rapidly and established offices around the world. Nugan offered investors high returns on their investments and used former military and CIA officials as corporate officers and consultants.

After the news media began reporting about Rewald's troubled company, he attempted suicide. When Nugan's operation came under the scrutiny of government investigators, Nugan killed himself.

In both cases, hundreds of investors were out millions of dollars.

The natural question for officials in Hawaii investigating Rewald was whether Rewald had any connection with Nugan Hand Ltd., whether he used the Australian company as a model for his operation or whether it was merely a coincidence that Rewald's rise and fall was so similar to Frank Nugan's.

"There are so many parallels, it is difficult to imagine they are just coincidental," said Thomas Hayes, trustee of Rewald's bankrupt company, Bishop, Baldwin, Rewald, Dillingham & Wong.

However, Hayes said he has found no investors or consultants common to both companies.

ALTHOUGH there are individuals who were involved with both Frank Nugan and Ronald Rewald, police and other officials said they know of no direct connection between the two operations.

But because Rewald's rise coincided with the highly publicized fall of Nugan Hand in 1980, some observers believe Rewald's company might have been a "copycat" of Nugan's operation. Although Bishop, Baldwin, Rewald, Dillingham & Wong was formed in 1978, it really began to grow after 1980.

Anthony Granito, head of the police department's white-collar crime unit, said police are aware of the similarities between the two operations, but also have found no direct connection between the two.

But, Granito said, "We are not going to say there is not a connection yet."

The FBI apparently investigated a possible link between the two enterprises. Special agent Howard Dare said the FBI was "aware" of Nugan Hand and "could find no connection between that and Rewald's operation."

Hayes said he got an eerie feeling reading about Nugan Hand Bank and the rest of Nugan's operations because of the similarities to the Rewald case.

To understand Hayes' reaction, one first has to be familiar with

Nugan's operation and the parallels to Rewald's company.

Nugan, described as a frenetic young lawyer, formed his bank in 1976 with Michael Jon Hand, a former Green Beret who had handled some CIA operations in Laos after the Vietnam War.

ACCORDING TO news reports in the Wall Street Journal and the National Times, a newspaper in Australia, Hand and Nugan had previously run an investment-type company specializing in real estate speculation and tax shelters.

Rewald chose to start his company with partner Sunlin Wong, an island real estate promoter. Rewald, too, started his company under a different name, CMI Investments, and later changed it to Bishop, Baldwin, Rewald, Dillingham & Wong.

After opening the bank in the Cayman Islands, Nugan Hand Inc. expanded dramatically, opening offices in Argentina, Chile, Taiwan, Malaysia, Europe, Hong Kong, Hawaii, San Francisco and other points around the world. Rewald opened branches in many of the same locations.

Investors poured millions into Nugan Hand Bank through the 22 offices around the world, based on promised returns of at least 15 percent, much higher than the prevailing rate at the time. Rewald's offer to investors locally was 20 percent.

Nugan Hand collapsed just after it had established an office in Hawaii. When Rewald's company fell, it was in the process of establishing offices in New Zealand and possibly Australia.

Much of Nugan's success was due to the credibility of its officers and consultants, including former high-ranking military officers.

CONTINUED